

**State Employee Benefits Advisory Council Meeting  
September 8, 2011  
Statewide Benefits Office  
Dover, Delaware**

The State Employee Benefits Advisory Council met on September 8, 2011 in the Statewide Benefits Office, 500 W. Loockerman St., Suite 320, Dover, Delaware. The following Council members and guests were present:

Brenda L. Lakeman, OMB, SW Benefits  
Director  
Patricia Griffin, SEBAC Chair, AOC  
Marsha Carson, SEBAC, DOS  
Frederika Jenner, SEBAC, DSEA

Mary Cooke, DOE  
Tim Barchak, DSEA  
Ann P. Skeans, OMB, SW Benefits  
Mary Thuresson, OMB, SW Benefits

Ms. Lakeman called the meeting to order at 3:05 p.m.

**1. Approval of Minutes**

Ms. Lakeman asked members to review the prior meeting minutes from June 23, 2011, and then requested a motion to approve them. Ms. Cooke made the motion and Ms. Jenner seconded the motion. Upon unanimous voice vote the minutes were approved.

**2. Update of SEBC Activities – Brenda Lakeman (handout for SEBC Agenda, September 8, 2011)**

Director's Report

An update on the Early Retiree Reimbursement Program will be given. To date, \$4.7 million has been received for the period June 2010 through September 2010. The feds changed the process and now require more detailed claims data. Aon is submitting claims data for ERRP and due to the process changes, they had to go back to vendors for the information. Both Aon and vendors are still working on it and we should have a submission by end of September. They are hoping there will still be money left for reimbursement for the June 2010 through March 2011 period as there is a \$5 billion cap on the reimbursement money.

In April the SEBC discussed changes for the spousal coordination of benefits for retired spouses. The information will be sent out by the end of September to notify employees of the change and compliance will be required for Open Enrollment 2012. There will also be a Notice of Creditable Coverage letter going out in the same mailing because the federal government made changes. The online COB form is being modified and will be ready by the end of September. One option will say "Retired – fill in former employer health coverage."

There are three requests for proposals (RFP). In August the Consultant RFP was released. September 12<sup>th</sup> a Data Mining RFP went out, and on September 26<sup>th</sup> a Medical Plan RFP will be released. They will be brought to SEBC for approval during the January through March timeframe.

#### September 16<sup>th</sup> SEBC Agenda Items

The Financials will be presented. In June there was \$34.7 million (M) surplus and in July the surplus was at \$35 M. The FY11 quarterly report shows the latest trend is going up a little over last quarter. There is no reason for concern.

Disability Insurance Program began in January of 2006. Delaware Code references rules and regulations. A draft of the rules will be presented at SEBC, with opportunity for comments. They must go through the Administrative Procedures process, which takes six months. In January there will be a Public Hearing. In March they will be official if there are no problems. Ms. Cooke asked if copies would be available and Ms. Lakeman stated they would be available after SEBC got them.

Mr. Barchak expressed there was concern from Labor Management Council and Department and Division heads concerning what happens once a person crossed into Long Term Disability (LTD). The person is no longer a state employee. He wanted to know the origin of it. He asked if there could be any flexibility on the 180 days. At the same time he also stated he knew there was a certain point where agencies couldn't hold a slot any more.

Ms. Lakeman stated the 180 days is statutory and they can't supersede or change Delaware Code. Further explanation was that it springs from the Short Term Disability being six months, and then they go to the LTD. They do get assistance to return to state work. Discussion followed about once they pass the 180 days it's difficult to go back to the same job. The Benefits Office works closely with agencies and schools and they can bring a person back part-time and work toward a permanent position. There was concern that a person would lose seniority in bargaining units and Mr. Barchak gets complaints about that. It was stressed that it's difficult to hold a position that long. Ms. Cooke added that it also acts as a motivator. Schools have long term subs and they do not want those people to hold the positions. The whole issue can get complicated, especially with ten month employees. Some end up having to pay back large sums of money. Ms. Lakeman stressed that figures need to be entered correctly in PHRST. Getting approvals before payroll is hard. If they don't, then checks are cut. Ms. Lakeman stated the Rules and Regulations will be shared and help clarify them.

Concerning the Civil Union Bill, Ms. Lakeman stated they are working with PHRST, Pension Office, U of D and DTC as they have to make changes to their systems before implementation on January 1, 2012. There are some tax implications due to tiers of health plan. There are differences in values of plans and they have to be taxed. Some will be on an after-tax basis, some will be pre-tax. All of these details have to be worked out. Ms. Griffin asked if on our W2 the calculations will be shown. Ms. Lakeman stated there will be a Key End User meeting in November and they will go through the whole process with everyone and answer questions then. She also noted there will be changes to e-benefits next year in May and they too will be complex.

House Bill 81 will be effective January 1, 2012, which is the dissolution of double state share (DSS). Ms. Cooke noted that if someone gets divorced and was DSS, if they remarry after January 1, 2012, they no longer can be DSS. Ms. Lakeman clarified that if someone was a state employee and had DSS and left state employment, then later returned to work for the state, they would still be eligible for DSS. She stressed that manual oversight will be needed.

Concerning the health plans for those who have DSS, starting July 1, 2012 they will have to pay \$25 per contract per month. There will be a difference in percentage of payments for different plans. If one retires after July 1, 2012, they must pay five percent of the insurance premium for the Medicare supplement plan.

The Legislature asked the Benefits Office to research possible savings the state might get from using Employer Group Waiver Plans (EGWP). These are retiree drug plans. There could be significant savings for employers, especially concerning monies in the “donut hole”. Presently the state handles the prescription plan for our retirees. The state gets reimbursements of 28 percent, amounting to approximately \$9 million a year, from the Retiree Drug Subsidy (RDS) program. With RDS, private employers are taxed on reimbursements. The only hitch with EGWP plans is that use of a “calendar year plan” is required to gain the full level of federal reimbursement from those who reach the catastrophic level and the state presently uses a fiscal year plan. This could be a problem as far as budgeting purposes. Ms. Lakeman stated New Jersey is using EGWP and she will be looking further into all the details. Discussion followed.

Ms. Lakeman asked if people were doing their DelaWELL. Some discussion followed about coaching, biometric screenings and assessments and their importance in the overall plan. A run/walk in is being planned for May during Open Enrollment. She noted that the WellAware newsletter now goes out to all the schools, agencies and is on the website.

### **3. SEBAC Comment to SEBC**

There will be no voting required this month so no comments are needed.

### **4. Other Business**

A calendar for 2012 SEBAC meeting dates was distributed. A date for the November 2012 meeting was needed. November 15<sup>th</sup> was decided upon and will be added to the calendar.

Sandy Ogden retired from Department of Agriculture. Therefore, Ms. Lakeman has requested the Governor find a replacement for her on the SEBAC.

### **5. Public Comment**

Questions and concerns were intermingled throughout meeting.

### **6. Next SEBAC Meeting**

The next SEBAC meeting will be held on Thursday, October 20, 2011 at 3 p.m., Statewide Benefits Office.

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Being no further business, Ms. Lakeman asked for a motion to adjourn. Ms. Cooke made the motion and Ms. Carson seconded the motion. Upon a unanimous verbal approval the meeting adjourned at 4:03 p.m.

Respectfully submitted,

Mary Thuresson  
Administrative Specialist  
Statewide Benefits Unit, OMB